



Quick Reference Idaho's Taxes

TAX STRUCTURE . . .

Idaho offers a sound tax structure, reasonable tax rates and one of the very lowest overall per capita tax burdens in the West. Revenue to provide needed services comes from a mix of income, sales, and property taxes.

CORPORATE . . .

Idaho's corporate income tax rate is 7.6% of the taxable income of a corporation transacting business or authorized to transact business in Idaho or with income attributable to Idaho. Multi-state corporations must apportion their Idaho income using a weighted three-factor formula consisting of property, sales, and payroll factors, with the sales factor double-weighted. A corporation may elect to determine its income using a water's edge election. This election allows exclusion of a substantial portion of foreign subsidiaries' income.

SALES & USE TAX . . .

Sales and Use Tax is collected at a rate of 6% for most items purchased or consumed in the state.

Idaho's Production Exemption exempts equipment and materials used or consumed in or during manufacturing, processing, mining, farming, fabricating operations, and clean rooms (used to make semiconductors and semiconductor manufacturing equipment) from the sales and use tax.

Most services are exempt from sales and use tax.

With the exception of a few communities, Idaho cities have no local option sales tax.

INVENTORY . . .

Idaho does not have an inventory tax. There is also a 100% goods-in-transit sales and use tax exemption for goods purchased by a carrier in its business and delivered outside of Idaho, in accordance with Idaho Freeport laws.

PROPERTY . . .

Property tax in Idaho varies according to the needs of local taxing districts with a statewide average of 1.5% of market value. Items exempt from property tax include inventories, livestock, property in transit, pollution control facilities, properly licensed motor vehicles, vessels, aircraft, and up to \$75,000 (not to exceed 50%) of the value of a primary residence.

Taxing districts may not increase their annual budget requests more than 3% plus any increase in market value resulting from new construction. The property tax revenue limitation does not include revenue from levies that are voter approved.

PERSONAL INCOME TAX . . .

Personal Income tax in Idaho closely follows the federal tax code. The starting point of the Idaho income tax is federal adjusted gross income. The personal income tax rate is graduated on taxable income below \$44,148 for married taxpayers and below \$22,074 for single taxpayers. Rates vary from 1.6% to 7.8 %, depending on income. A wide variety of credits, personal exemptions, and standard or itemized deductions reduce the amount of Idaho tax owed.